

You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options, or mutual funds offered through a retirement plan, carefully before investing. The prospectuses/ prospectus summaries/information booklets contain this and other information, and can be obtained by contacting your local representative. Please read the prospectuses carefully before investing.

How Much Can I Contribute?

Contribution limits for eligible 457(b) deferred compensation plans – 2004 and beyond

OVERVIEW

This information is not intended as tax advice. It is provided, for your education only, by ING. For more information about the ING Companies, please contact your local ING office or representative.

The Internal Revenue Code limits annual contributions into eligible 457(b) deferred compensation plans. These limits specify the maximum amount that can be excluded from your taxable income.

There are potentially three (3) limits that apply in determining the maximum amount you may contribute to a 457(b) plan:

1) Annual Contribution Limit

For 2004, the annual limit is equal to the lesser of 100% of includible compensation, or \$13,000. Includible compensation refers to compensation you receive for services performed for the employer sponsoring the deferred compensation plan that is includible in gross income for that year.

Includible compensation excludes:

- 414(h) pick-up contributions

Includible compensation includes:

- deferrals to 457(b), 403(b), 401(k) SARSEP, and SIMPLE plans.
- pre-tax contributions to a section 125 cafeteria plan
- pre-tax contributions with respect to Section 132(f)(4) – Qualified Transportation Fringe Benefits

This dollar amount increases annually in \$1,000 increments thereafter, until the dollar amount reaches \$15,000 in 2006. In 2007 and thereafter, annual cost-of-living increases will be made in \$500 increments. This limit includes both employee and vested employer contributions. *Note:* This annual contribution limit is not reduced for contributions you make to other non-457(b) plans (e.g., deferrals to 403(b) or 401(k) plans). So, if you participate in more than one type of plan, such as an eligible 457(b) plan and a 403(b) or 401(k) plan, your annual limit for 2004 is \$13,000 for each plan type.

Year	Annual Maximum
2004	\$13,000
2005	\$14,000
2006	\$15,000
2007 (and later)	Annual cost-of-living increases in \$500 increments

2) 457(b) Special Catch-up Provision

The 457(b) special catch-up provision permits increased annual contributions on behalf of a participant. It allows you to make up, or “catch up,” for prior years in which you may not have contributed the maximum amount to your employer’s 457(b) plan. The catch-up limit is the lesser of:

- 1) twice the annual contribution limit, as described previously, or
- 2) the annual contribution limit for the year plus underutilized amounts from prior taxable years.

In determining underutilized amounts from prior years, only those years you were eligible to participate in the 457(b) plan of the employer can be considered. Years prior to 1/1/1979 cannot be used.

Year	Annual Maximum
2004	\$26,000
2005	\$28,000
2006	\$30,000
2007 (and later)	Annual cost-of-living increases in \$1,000 increments

Note: Catch-up can only be elected during the three years (consecutive) prior to, but not including, the year the participant attains Normal Retirement Age, as defined by the 457(b) plan. A participant must select only one Normal Retirement Age under all 457(b) plans of that employer.

3) Age 50+ Catch-up Provision

If you are at least age 50, and currently participate in a governmental 457(b) plan, you are eligible to contribute an additional amount over the annual contribution limit. However, you cannot use both the 457(b) special catch-up provision and the Age 50+ catch-up provision in the same year, but must use whichever is greater.

Year	Annual Maximum
2004	\$3,000
2005	\$4,000
2006	\$5,000
2007 (and later)	Annual cost-of-living increases in \$500 increments

Note: The Age 50+ catch-up provision is not available to participants in 457(b) plans sponsored by tax-exempt, non-governmental employers.

Am I eligible to take advantage of either the Special 457(b) or Age 50+ catch-up?

If your employer's plan permits, you may be eligible if you meet the following conditions:

For 457(b) special catch-up:

- You are in the last three years prior to reaching normal retirement age, and
- You have not previously elected to utilize this catch-up with this employer, and
- The 457(b) deferred compensation plan was established on or after January 1, 1979, and
- You did not contribute the maximum amount permitted by the IRS in any year since 1979 in the 457(b) plan, and
- Years taken into account for the 457(b) special catch-up are only those years in which you either did participate in the 457(b) plan or were eligible to participate in the 457(b) plan but chose not to, and
- The 457(b) special catch-up is greater than the Age 50+ catch-up.

For Age 50+ catch-up:

- You participate in a governmental 457(b) plan, and
- You will be at least age 50 by the end of the tax year, and
- You contribute the maximum annual contribution into the 457(b) for that year, and
- The Age 50+ Catch-up is greater than the 457(b) special catch-up.

Why should I take advantage of these special features? What's in it for me?

There may be several advantages for you, including the opportunity for you to:

- Further lower your current taxable income. The more you contribute, the lower your current federal taxable income will be. And because you postpone paying taxes on contributions and investment earnings until they are received* – usually at retirement – there is a good chance

you will be in a lower tax bracket, decreasing the amount of your taxes.

- Give yourself the opportunity to accumulate greater benefits for your retirement. It's simple – the more money you are able to contribute to your plan, the greater your ability to take advantage of tax-deferred compounding.

When can I elect the 457(b) special catch-up?

You are eligible for the 457(b) special catch-up during the three consecutive calendar years prior to, but not including, the year you attain normal retirement age, as defined in the plan. You cannot use the 457(b) special catch-up provision in the tax year in which you reach your normal retirement age.

Can I make 457(b) special catch-up and Age 50+ catch-up contributions at the same time?

No. You must use whichever catch-up lets you defer the greater amount. You should evaluate which catch-up provision is most favorable to you.

What is normal retirement age?

"Normal retirement age" (NRA) is defined in your employer's 457(b) plan. A plan may define NRA as any age which is the earlier of:

- age 65, or
- the age at which you have the right to retire and receive unreduced benefits from your employer's basic defined benefit pension plan or money purchase pension plan in which you participate (if you are not eligible to participate in a defined benefit plan,) but,
- no later than age 70½.

Note: A special rule exists allowing 457(b) plans to define NRA for qualified police and firefighters as no earlier than age 40.

How do I determine if I have under-contributed in prior years?

ING has developed a workbook to help you determine how much you are eligible

to contribute under the 457(b) special catch-up provision. Factors that are used to determine your eligibility will be:

- years in which you were eligible to participate in the 457(b) plan since January 1, 1979,
- your includible compensation during these years,
- the 457(b) maximum contribution limit in effect for those years,
- the amount actually contributed to the 457(b) plan during these years,
- any previously required coordination with other plans, i.e. 401(k), 403(b), SARSEP, SIMPLE and other eligible 457(b) plans.

What if I use the 457(b) special catch-up provision, and then do not retire at my normal retirement age?

Your contributions will once again be limited to the applicable year's contribution limits. You will not be required to begin distributions under the Plan until actual severance of employment or attainment of age 70½, whichever is later.

If I start using 457(b) special catch-up, must I use it for all three years?

No. You are not required to make the maximum allowable contribution.

Can I use the 457(b) special catch-up election again? What happens if I participate in another deferred compensation plan with a different employer?

Once elected under an employer's 457(b) plan, the 457(b) special catch-up may not be utilized again with that employer. However, subject to plan rules and your eligibility for this catch-up, you may elect the 457(b) special catch-up under an unrelated employer's eligible 457(b) plan.

What should I do next to find out if I can contribute more to the Plan?

If you would like more information about how much you can contribute, please contact your local ING representative for assistance. Workbooks are also available.

* or when made available in the case of 457(b) Plans of tax-exempt (non-governmental) organizations